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6 APR 1960

Honorable Clarence Cannon
Chairman, Committee on Appropriations
House of Representatives
Washington 25, D. C.

Dear Mr. Cannon:

Pursuant to your request at the time of our last budget hearing, April 29, 1959, there is attached the report on estimated foreign intelligence costs for Fiscal Year 1959.

This report has been prepared in accordance with instructions approved by the United States Intelligence Board.

The scope of the cost estimates contained in this report covers those United States foreign intelligence functions performed by member agencies of the United States Intelligence Board.

The cost estimates have been developed on the basis of actual obligations incurred during the fiscal year ending 30 June 1959 and include two basic types of data:

Direct Obligations: Those obligations actually incurred by an intelligence command, bureau or element thereof, or any comparable intelligence organization which actually performs the intelligence activity involved and can identify the related obligations. In essence, such obligations are those under the direct control of an intelligence organization or an intelligence element of a larger organization.

Indirect Obligations: Those obligations which appear in non-intelligence commands, bureaus, services, or other comparable organizations as a part of their own budget operations, but can be identified as being in support of an intelligence activity.

DOC	11	REV DATE	1 APR 1961	BY	
ORIG COMP		OPI	38	TYPE	01
ORIG CLASS	5	PAGES	3	REV CLASS	5
JUST	22	NEXT REV	2011	AUTH:	HR 10-2

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The report is intended to serve a purely statistical purpose inasmuch as indirect costs can only be estimated based on individual judgments which are subject to varying degrees of error. Due to the variations in accounting procedures and estimative practices that are present within the departments and agencies composing the Intelligence Community, it has been very difficult to compile the information included in the report.

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Sincerely,

/s/
C. P. Cabell
General, USAF
Acting Director

Attachment

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